

# Structural transformation and economic development : can development traps be avoided?

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## VALORISATION

In accordance to Article 23 of the Regulation governing the attainment for doctoral degree in the Maastricht University, the following section discusses the valorisation opportunities offered by this PhD thesis. Following the corresponding guidelines, these opportunities are analysed in terms of the social and economic relevance of the thesis, the potential target groups to whom the results can be interesting and the degree of innovativeness of the research methods used.

The main focus of the thesis has been on studying the forces that drive success and failure in economic development. As such, it is a valuable piece for the design of policy strategies both in developing and advanced economies. Hence, the thesis has a social and economic relevance that goes beyond the pure scientific relevance. The main messages of the thesis can result of interest not only to the academic community but also to policy makers and economic development analyst around the world. In particular, it can provide interesting insights to national and international policy makers focusing on innovation policy, technological upgrading and industrial policy.

More specifically, the main findings of the thesis suggest that a well-designed development strategy should try to address the following issues. First and foremost, the productive absorption of labour force. This cannot be achieved if the economy does not have a vibrant and dynamic modern sector. Hence, policies should be aimed at improving the context conditions for the emergence and dynamism of modern, exporting industries. As we have shown, it seems that the manufacturing sector is particularly well suited to achieve such goal. Among other reasons, the scope for exploiting technological innovations and the average income elasticity for manufacturing production tends to be larger than in other sectors.

A second issue relates to the technological upgrading of the economy. The survival through time of the working opportunities generated in the modern part of the economy will heavily depend on the degree of international competitiveness achieved. This competitiveness, in turn, is shaped by the capabilities of the country to enhance innovation and product differentiation. Improving the domestic capabilities to absorb foreign technology and tap into the global flows of knowledge would be a fundamental step in this line.

Last but not least, the equilibrium in the external accounts of the country should always be given special attention when thinking such development strategy. Acknowledging the importance of the external restriction brings again to the centre of attention the capacity of the domestic economy to sell its products in international markets. In the light of our results, this seems to be a pre-condition to achieve success, since it will provide the necessary foreign exchange to import key strategic

inputs, capital goods and technologies that are not produced domestically. Failure to achieve this goal will doom the long-run sustainability of economic growth process.

In regard to the innovativeness of the research methods proposed, the thesis offers novel and original tools for economic diagnostics. To begin with, the structural modernisation index here proposed can be used to assess the success of different countries (or regions within one country) in achieving the main goals of economic development. In a similar vein, the characterisation of structural trajectories proposed in Chapter 6 can also be used to evaluate the performance of different sectors of the economy and the degree of concentration in technological catching up dynamics. Moreover, the thesis also provides an interesting contribution to the theoretical models that are used to study the dynamics of economic growth. These models, in turn, can be powerful tools to forecast the outcomes of different policies. Finally, the efforts put into the construction of a large dataset with comparable data for 100 countries during the period 1950-2010 can also be used as fertile ground for future research.

In terms of the diffusion of the results of the research, the main outcomes of the thesis have already been published in several working papers from UNU-MERIT and some of the chapters are currently being reshaped in order to be submitted to top journals in the field of economic development. Moreover, the results have been presented in several international conferences, workshops and summer schools. These have been fruitful opportunities not only to disseminate the results of this research but also to get important feedbacks and suggestions on how the investigation could be further improved. In particular, the main results of Chapter 3 have been presented at the international conference “Future perspectives on innovation and governance in development”, held at Maastricht in November 2014; the main results of Chapter 4 have been presented at 12th Globelics International Conference, “Partnerships for innovation-based development”, held at Addis Ababa in October 2014, where it was awarded as one of the best PhD paper of the conference; a preliminary version of Chapter 5 have been presented at the 14th International Schumpeter Society Conference, “The evolution of economic systems, through innovation, entrepreneurship and competitive processes”, held at Brisbane in July 2012; and a preliminary versions of Chapter 6 have been presented at the 7th International PhD School on Innovation and Economic Development, Globelics Academy, held at Tampere in May 2012 and in the 9th Globelics International Conference, “Creativity, Innovation and Economic Development”, held at Buenos Aires in November 2011.